
WTO and Agriculture

What's at Stake for Virginia?

Virginia produces agricultural goods that are exported worldwide. In 1997, the state's exports reached an estimated \$520 million, up from \$307 million in 1991. These exports help boost farm prices and income, while supporting about 8,800 jobs both on the farm and off the farm in food processing, transportation and manufacturing. Exports are increasingly important to Virginia's agricultural and state-wide economy. Measured as exports divided by farm cash receipts, the state's reliance on agricultural exports rose from 15% to 22% since 1991.

The top five agricultural exports in 1997 were:

- # poultry and products -- \$110 million
- # tobacco leaf -- \$110 million
- # live animals and red meats -- \$78 million
- # soybeans and products -- \$63 million
- # wheat and products -- \$53 million

World demand for these products is increasing, but so is competition among suppliers. If Virginia's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *fair access* to growing global markets.

Virginia Producers Benefit from Trade Agreements

Virginia is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of new market opportunities for Virginia include:

- # An important producer of poultry meat and products, Virginia benefits under the Uruguay Round as Poland opens market access equal to 8.5% of domestic consumption (roughly 30,000 tons in 1996). Korea will grant unlimited access for frozen chicken at a 20% tariff by 2004. The Philippines opened a tariff-rate quota for 14,000 tons of chicken, which will reach 23,500 tons by 2004.
- # Under NAFTA, Mexico immediately converted its import licensing regime for chilled and frozen poultry to a transitional tariff-rate quota. This quota will be phased out by 2004. Duty-free access for poultry meat into Mexico has made it the third largest U.S. export market.
- # A large tobacco producer, Virginia benefits under the Uruguay Round as the EU reduces tariffs by 20% to 50%, Japan reduces tariffs and binds its duty rate at zero for tobacco, and Argentina, Brazil, Turkey and others reduce import duties. Under NAFTA, Mexico's tobacco import licensing scheme was eliminated, and all duties will be eliminated.

